INTERNAL REVENUE SERVICE

IRS News Release

Media Relations Office | Washington, D.C. | Media Contact: 202.622.4000
www.irs.gov/newsroom | Public Contact: 800.829.1040

Treasury and IRS Issue Guidance on New Requirements for Disclosing Reportable Transactions

IR-2004-138, Nov. 16, 2004

WASHINGTON — The Treasury Department and the Internal Revenue Service today issued interim guidance reflecting changes to the requirements for disclosure of reportable transactions by taxpayers and material advisors made by the newly enacted American Jobs Creation Act of 2004.

The American Jobs Creation Act provides rules that require material advisors to file returns disclosing reportable transactions and to maintain investor lists. The Act also imposes new monetary penalties on material advisors who fail to comply with these obligations. Notice 2004-80 provides interim guidance to material advisors who are required to comply with the new reporting and list maintenance requirements and invites comments from the public regarding rules and standards implementing these new requirements.

In addition, the Treasury Department and the Internal Revenue Service today issued four revenue procedures that eliminate the reporting requirements for certain transactions for both taxpayers and material advisors. These revenue procedures, which reduce taxpayer burden by providing that certain transactions are not reportable transactions under the disclosure regulations, apply to transactions with contractual protection (Revenue Procedure 2004-65), loss transactions (Revenue Procedure 2004-66), transactions that give rise to significant book-tax differences (Revenue Procedure 2004-67), and transactions involving brief asset holding periods (Revenue Procedure 2004-68).

"The new Jobs Act strengthens our hand in the fight against abusive shelters," said IRS Commissioner Mark W. Everson. "Under the new law, attorneys, accountants and other tax advisers who fail to comply with these disclosure requirements will face significant monetary penalties. At the same time, we will continue to balance taxpayer burden against the benefits to the IRS of additional disclosure requirements."

"We are committed to making sure that the disclosure of potentially abusive transactions by taxpayers and material advisors yields meaningful information without imposing undue burdens," said Acting Assistant Secretary for Tax Policy Greg Jenner. "As part of this commitment, we will continue to adjust the disclosure rules as appropriate when we determine that specific transactions do not warrant disclosure or warrant reduced disclosure."

-more-

Two of the revenue procedures update prior guidance relating to loss transactions and transactions that give rise to a significant book-tax difference by identifying additional transactions for which disclosure is not required.

—30—